

**QUESTIONS FOR PATRICIA L. HALM
APPOINTEE TO THE MICHIGAN TAX TRIBUNAL**

1. Why do you want to continue to serve on the Tax Tribunal?
2. What is your opinion of the Michigan Tax Tribunal as it currently exists?
3. What is your approach in terms of how you handle cases that come before you?
4. In your estimation, what is the amount of time it should take for a Tribunal member to issue an opinion?
5. What have you done to deal with the increased property tax appeals over the past year?
6. You have requested increases in fees to fully fund the Tribunal. What conversations have you had with the business community on these fee increases? What is the feedback that you have received, if any?
7. There have been complaints on the speed with which issues are being resolved at the Tribunal. If you get the funding from the fee increases, can you ensure that these cases will be resolved quicker?
8. You have recently indicated a desire to change the mix of attorneys and other professionals. Where are you at with those changes?
9. If you were ever asked by the Administration to slow down your operation in order to save the state from having to send out refunds, how would you respond?
10. If there was one thing that you could do to improve the Tax Tribunal, what would that be?



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STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
LANSING

STANLEY "SKIP" PRUSS
DIRECTOR

To: Senator Michael Bishop,
Senate Majority Leader

From: Patricia L. Halm,
Chair, Michigan Tax Tribunal

Date: August 6, 2009

Re: Response to Questions for Appointment to the Michigan Tax Tribunal

1. Why do you want to continue to serve on the Tax Tribunal?

I want to continue to serve on the Tax Tribunal because there are still many things that I would like to accomplish. I believe we have come a long way in the last few years in terms of establishing procedures to process cases more efficiently; however, there are still many projects that I would like to complete. For example, I would like to implement mediation procedures, develop certain tools to assist new Tribunal members and improve the Tribunal's website.

2. What is your opinion of the Michigan Tax Tribunal as it currently exists?

Overall, I believe that the Tribunal is doing a good job given existing constraints.

There are many aspects of the Tribunal that have improved since I became a member. Unfortunately, many of these improvements are not ones that the general public would be cognizant of. For example, even though the number of appeals filed at the Tribunal has dramatically increased each of the last several years, the Tribunal's staff has been able to docket the cases faster and with fewer errors.

While there have been significant improvements, there are still areas in which the Tribunal could improve. For example, while I believe that the overall quality of Tribunal decisions has improved, I think decisions should be issued more timely.

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3. What is your approach in terms of how you handle cases that come before you?

I decide each case before me based on the facts of that case and the applicable law. The Tribunal is not a court of equity. At times this is difficult because even though I would like to right an "injustice," I am required to follow the law.

4. In your estimation, what is the amount of time it should take for a Tribunal member to issue an opinion?

This is not a simple question because there are many variables to consider. For example, how many cases has the Tribunal member been assigned? How many hearing days did the Tribunal member have during the month? How complicated is the case? Does the case require a significant amount of research? Does the case involve a question of first impression? Generally, I believe the goal should be that the majority of opinions should be issued within 90 days after the hearing has concluded or, if post-hearing briefs are requested, within 90 days of that deadline.

5. What have you done to deal with the increased property tax appeals over the past year?

I have contracted with hearing referees to hear small claims appeals. These referees hear more cases per day than were previously heard and are paid by the case. As a result, more cases are being heard at a reduced cost.

In terms of dealing with Entire Tribunal cases, I have done several things. First, there are two SOAHR ALEs devoted entirely to the Tribunal. Both of these ALEs have significant tax experience and previously heard Entire Tribunal cases. These ALEs are now being assigned Entire Tribunal cases instead of small claims cases. This has increased the number of people hearing Entire Tribunal cases from six to eight.

Second, we have returned to a Prehearing General Call. The process utilized during the last two years in which parties established their own scheduling deadlines did not work and, in fact, slowed cases down significantly. Returning to a Prehearing General Call will keep cases moving.

Finally, we recently started scheduling "Show Cause" hearings when parties fail to submit valuation disclosures as required. Because of this process, many cases are either withdrawn or settled instead of lingering.

6. You have requested increases in fees to full fund the Tribunal. What conversations have you had with the business community on these fee increases? What is the feedback that you have received, if any?

Generally, the business community opposes the fee increases because they believe that they are being forced to bear the all of the costs of the Tribunal. To a certain extent, this is true. MCL 205.749 prohibits us from charging homeowners any fees. As a result, in FY08, approximately 10,342 of the 11,567 cases filed in the small claims division paid no fees. Thus, some of the fees paid by businesses filing appeals in the Entire Tribunal are used to support the functions of the small claims division.

7. My office has received a number of complaints about the backlog of cases and the speed with which cases at the Tax Tribunal are resolved. As Chairman, are you aware of these concerns coming from the business community? What have you done to address the backlog of cases through caseload assignment?

I am aware of the concerns coming from the business community. Addressing the "backlog" is difficult to do through case assignment. One approach I take in case assignment is to assign cases based on a Tribunal member's expertise. For example, I will not assign the Assessor member cases involving state taxes, such as the SBT. I believe that by assigning cases based on areas of expertise, the quality of decision is better and decisions are issued faster because the member does not have to "come up to speed" on something they know nothing about.

8. You have recently indicated a desire to change the mix of attorneys and other professionals. We also have discussed with you an alternative mix of professionals. How would you view the strengths of such a proposal?

I have discussed the proposed legislation with Howard Ryan. However, I don't recall that we discussed a specific alternative mix of professionals. In my discussions with Mr. Ryan, I indicated that I understanding that there is opposition to the legislation as drafted and that I am willing to meet with him to discuss various alternatives to hopefully arrive at a conclusion that will be acceptable.

9. If you were ever asked by the Administration to slow down your operation in order to save the state from having to send out refunds, how would you respond?

For the record, the Administration has never made this request and I can't imagine that they would. We have never slowed down our operation to stall

sending out a refund. On average, the Tribunal issues over 260 consent judgments every month. By law, these refunds are paid with interest.

10. If there was one thing that you could do to improve the Tax Tribunal, what would that be?

I would increase the number of Tribunal members from seven to nine and extend the members' term from four to six years.

I don't believe there has ever been a time in the Tribunal's history when all cases were resolved within a reasonable period of time. I think this is primarily due to the number of cases filed at the Tribunal and the fact that there aren't enough members to complete the cases in timely manner.

As for the increase in the length of Tribunal members' terms, I believe it takes most people over a year to become a fully functional Tribunal member, regardless of the person's background. With turnover and the inability to find qualified people willing to fill some positions, the Tribunal is always in a position where one or more members is still in a learning curve. I believe the Tribunal would be more productive and more efficient if the terms were extended.